

# Downtown Trenton

## 2023 Residential Study

— SUMMARY —



### AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

Downtown Trenton  
The City of Trenton  
Mercer County, New Jersey



## INTRODUCTION

Greater Trenton commissioned an update to a Residential Market Study originally completed by Zimmerman/Volk Associates Inc. in 2018 to determine the market potential and optimum market position for newly introduced housing units that could be developed within the Greater Downtown Trenton Study Area.

*The study determined that the updated potential market in the Greater Downtown Trenton Study Area is a third higher than in 2018 and can support up to 1,270 new residential units including 995 rental apartments, 200 for-sale rowhouses/townhouses, and 75 for-sale condominiums over the next five years.*



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## RATIONALE

The aftermath of the housing crash continues to reverberate through the housing market nearly 15 years later as evidenced by significant changes in market preferences from single-use subdivisions in exurban locations to mixed-use, walkable developments, particularly in downtown and in-town neighborhoods.

This transformation has been driven by the convergence of the preferences of the two largest generations in the history of America: the estimated 69.6 million Baby Boomers born between 1946 and 1964, and the estimated 72.1 million Millennials, who were born from 1977 to 1996 and, in 2010, surpassed the Boomers in population.

*The convergence of two generations of this size - simultaneously reaching a point when urban housing matches their life stage - is unprecedented.*

The preference for urban living evidenced by both younger and older one- and two-person households has been a primary force in downtown redevelopment across the country, and continues despite press articles to the contrary, citing anecdotal pandemic-induced moves out of cities.

*Although this trend was notable at the onset of the pandemic, significant numbers of households who had left their urban neighborhoods have now returned, and as the coronavirus is perceived by many to be less of a threat, urban occupancies are resuming pre-pandemic levels.*

The pandemic trend of rising single-family detached home purchases also continues across the country, reducing inventory and increasing pressure on home values, resulting in a significant decline in housing affordability. Although recent interest rate increases have had an impact on purchase volume, house prices are currently holding steady.

Another significant shift is the Millennials' strong propensity for renting rather than owning. This is due in part because of their relative youth - many do not have sufficient funds for a down payment and many others are burdened by student debt - and in part because the prior collapse of the housing market made many of them skeptical about the value of owning versus renting.



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## TRENTON ATTRACTION

Prospective residents of new residential units in Trenton's downtown core will be attracted to a variety of benefits, including:

### Multi-Modal Transit Orientation

Trenton is serviced by four major rail lines, including AMTRAK, New Jersey Transit, SEPTA, and the River Line. Bus service is provided by New Jersey Transit. Residents in the region can enjoy easy access to the New Jersey, New York, and Philadelphia region and country via Trenton. Trenton-Mercer Airport is 15 minutes away from Trenton's Downtown and offers access to flights traversing the world.

### Range of Affordability

With a diverse residential base, Trenton offers a variety of single-family detached homes, as well as attached for-sale and rental homes, at a range of affordable price points.



### Vibrant Arts Community

Trenton benefits from a vibrant visual and performing arts community with multiple art-focused events and galleries.

### Rich History

As a key player in the Revolutionary War as well as the Industrial Revolution, Trenton is the proud home of a rich historical heritage.

### Thriving Diversity

Trenton is a welcoming community of individuals from all races, nationalities, sexes, religions, and sexual orientations.



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## WALK SCORE

*The walk score for four of the five Downtown sub-areas included in the market study ranged from 77 to 88 (very walkable), with one sub-area scoring 59 (somewhat walkable) offering potential riverfront living.*

Walk Scores have become a critical component of value criterion. Scores between 70 and 90 are “very walkable”, meaning most tasks can be accomplished on-foot. Walk Scores below 50 indicate that most or almost all errands will require a vehicle.



*Downtown Trenton's overall Walk Score of 74 denotes a very walkable city. Areas are assigned with a Walk Score, ranging from 0 - 100, with higher scores reflecting an easier ability to conduct daily errands without a car.*

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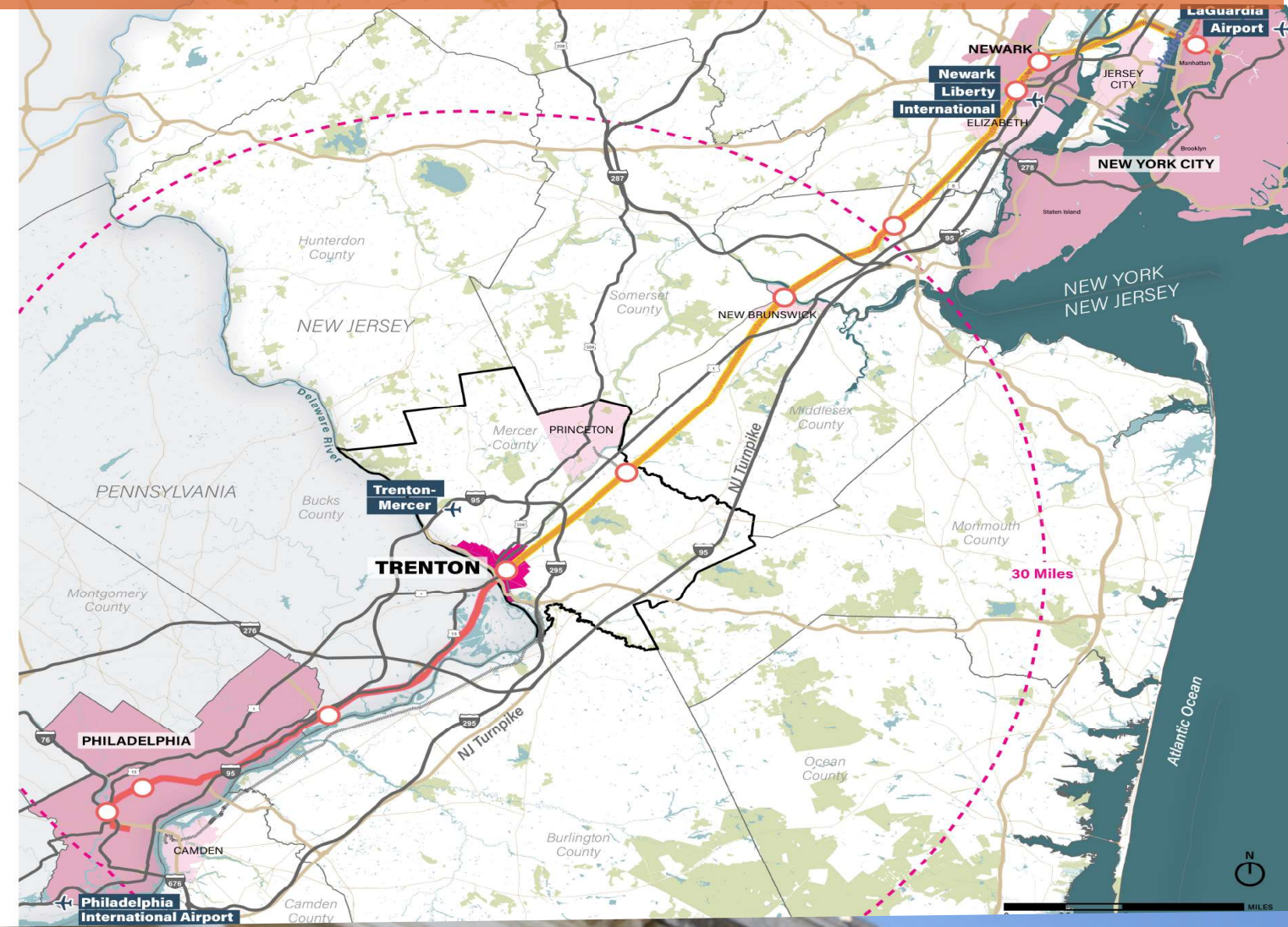
# STUDY AREA

This study analyzed five sub-areas consisting of 1) Downtown Core; 2) City Hall; 3) Transit Center; 4) Roebling Block 2; and 5) Trenton Thunder Ballpark.



# REGIONAL MAP

Trenton is centrally located, offering easy access to Philadelphia, New York City, and Washington, D.C.





# COMPETITIVE PROPERTIES

The study analyzed 39 competitive rental apartment properties totaling over 8,250 units in the region with a reported stabilized weighted occupancy of 98.3%

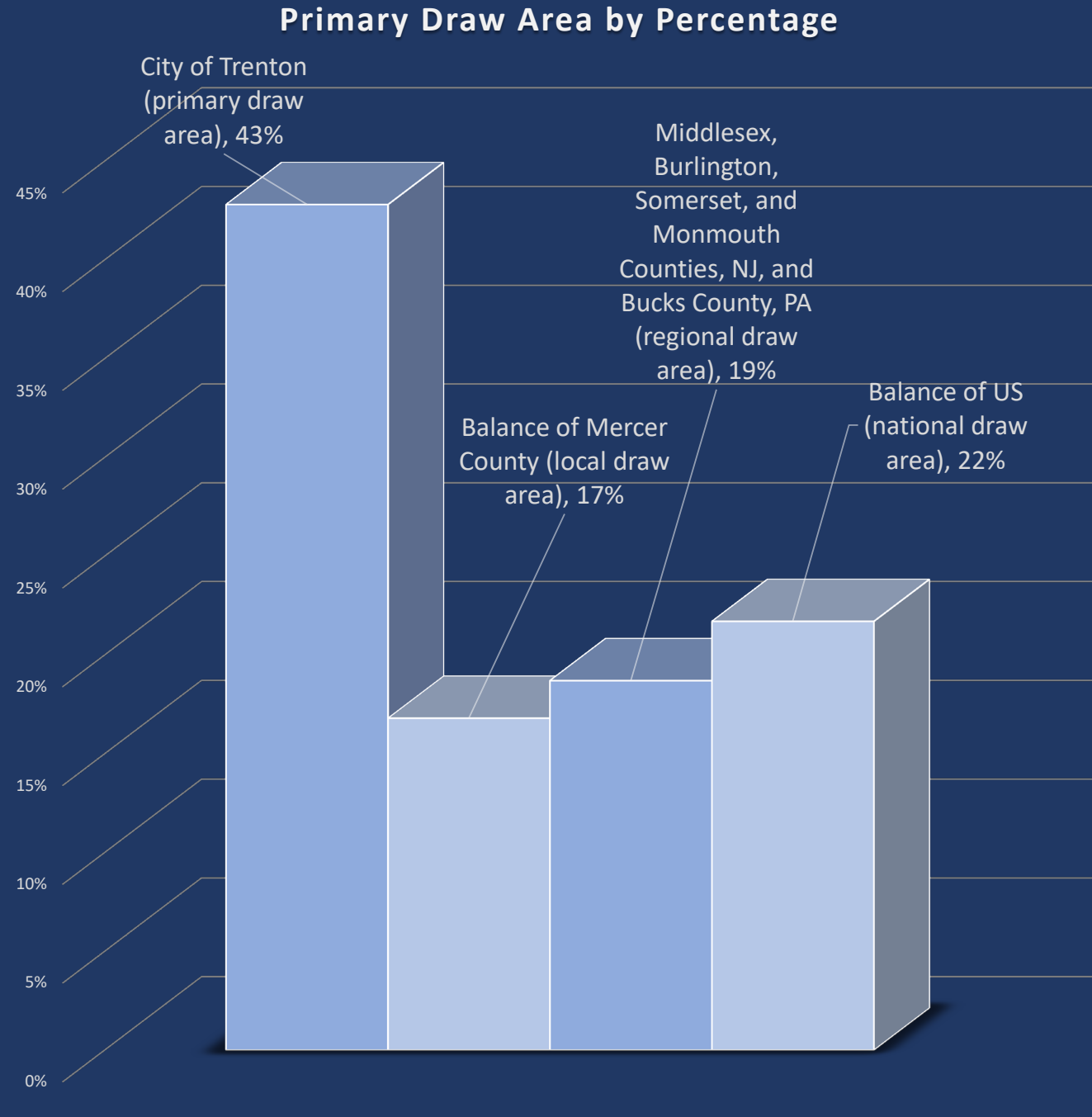
Rental Apartment Units		
Unit Type	Square Feet Minimum - Maximum	\$/SF/Mo. Minimum - Maximum
Studio	500 - 645	\$1.79 - \$2.72
One Bedroom	560 - 1,180	\$1.21 - \$3.21
Two Bedroom	700 - 1,578	\$1.50 - \$4.28
Three Bedroom	720 - 2,028	\$1.15 - \$2.90

### For-Sale

There are a limited number of new condominium and townhouse units for sale in the region. The units ranged from 2,420 to 2,500 square feet at prices of \$202 - \$237 per square feet.

# DRAW AREAS

The most up-to-date Mercer County migration and mobility data demonstrates that the draw areas for new and existing housing units in Downtown Trenton include the following:





# MARKET POTENTIAL

The study has determined that an annual average of 5,670 households represent the potential market for new and existing housing units city-wide each year over the next five years.

*This potential market is a third higher than the potential market identified in the 2018 study.*

Furthermore, an annual average of 2,760 younger singles and couples, empty nesters and retirees, and traditional and non-traditional families of all incomes represent the potential market for new and existing housing units within the Greater Downtown Trenton Study Area each year over the next five years.

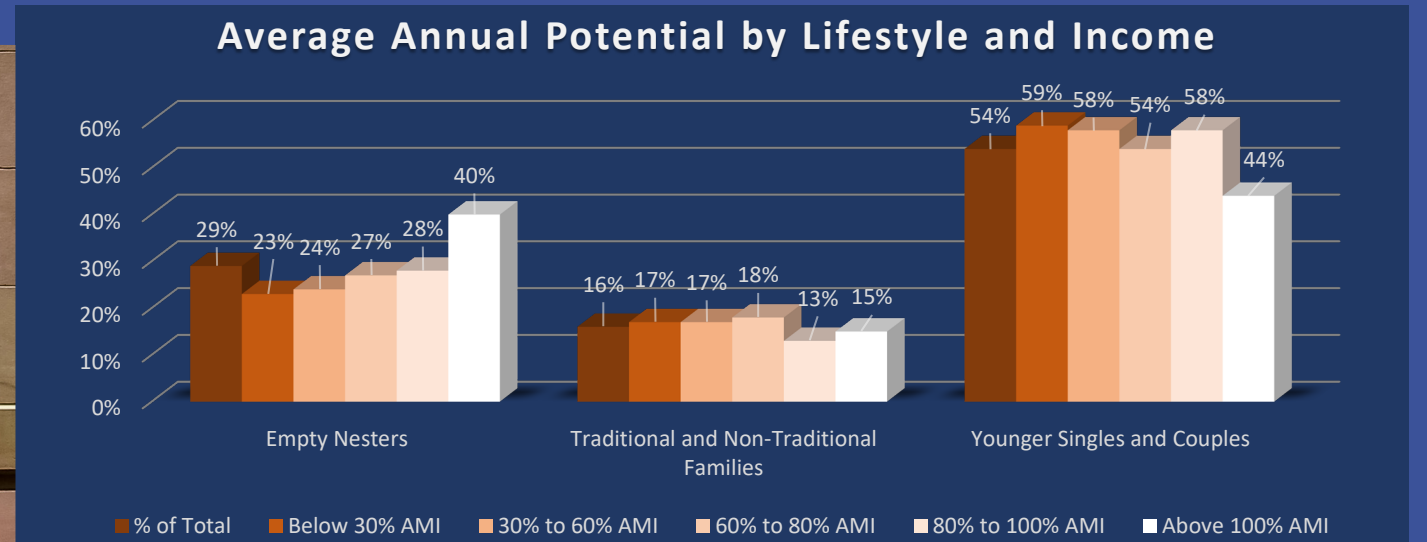
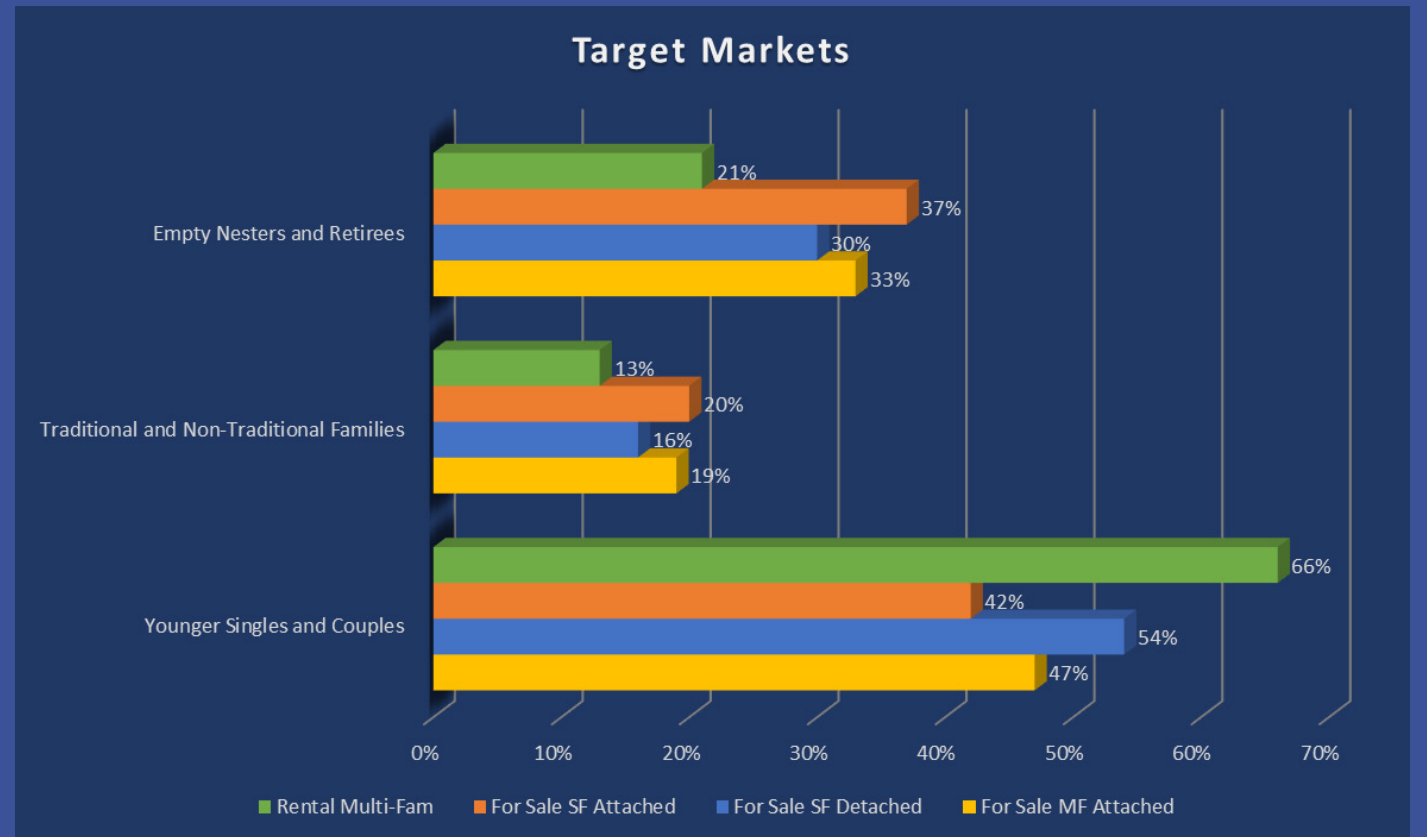
## Average Annual Downtown Market Potential

	Number of Households	Percent of Total
Rental Multi-Family	1,508	54.60%
For-Sale Single-Family Attached	547	19.80%
For-Sale Single-Family Detached	498	18.10%
For-Sale Multi-Family	207	7.50%
<b>TOTAL</b>	<b>2,760</b>	



# DOWNTOWN TRENTON MARKET

The annual market potential for new rental and for-sale housing units in Downtown Trenton can be characterized by general life stage and household type as follows:





# OPTIMUM MARKET POSITION

The optimum market position has been established based on a variety of factors, including tenure and housing preferences, financial capabilities, and life stages of the target markets, the physical and locational characteristics of the study area, current market area residential market dynamics, and the grants and programs now available to Trenton to facilitate new development.

Weighted Averages for Rent and Sale			
Housing Type	Weighted Average Base Rents/Prices	Weighted Average Unit Size	Weighted Average Base Rents/Prices Per Sq. Ft.
Multi-Family For-Rent			
Market-Rate	\$1,739	821 sf	\$2.12 psf
Affordable/Workforce	\$1,018	727 sf	\$1.40 psf
Multi-Family For-Sale			
Market-Rate	\$312,350	1,199 sf	\$261 psf
Affordable/Workforce	\$224,500	1,070 sf	\$210 psf
Single-Family Attached For-Sale			
Market-Rate	\$358,000	1,495 sf	\$240 psf
Affordable/Workforce	\$255,500	1,270 sf	\$201 psf

# ANNUAL MARKET ABSORPTION

Isolating households with income at or above 30% AMI for rentals and 60% for for-sale properties derives an annual potential of 1,138 rentals, 266 townhouse/row-house purchasers, and 108 condominium purchaser households each year over the next five years.

Market Capture			
	Potential Market	Annual Units Absorbed	Capture Rates
Multi-Family For-Rent			
Total households	1,138	171 - 199	15.0%-17.5%
30 to 60% AMI		43 - 50	
60 to 80% AMI		22 - 26	
80 to 100% AMI		39 - 45	
> 100% AMI		67 - 78	
Multi-Family For-Sale			
Total households	108	14 - 15	12.5%-15.0%
60 to 80% AMI		3 - 3	
80 to 100% AMI		3 - 3	
> 100% AMI		8 - 9	
Single-Family Attached For-Sale			
Total households	266	34 - 40	12.5%-15.0%
60 to 80% AMI		8 - 9	
80 to 100% AMI		8 - 10	
> 100% AMI		18 - 21	
2023 Study Five-Year Totals		1,095 - 1,270	





# CONCLUSION



The comprehensive updated residential market study provides valued insight into the market depth, breadth, and positioning for prospective newly constructed rental and for-sale properties within the greater downtown Trenton study area.

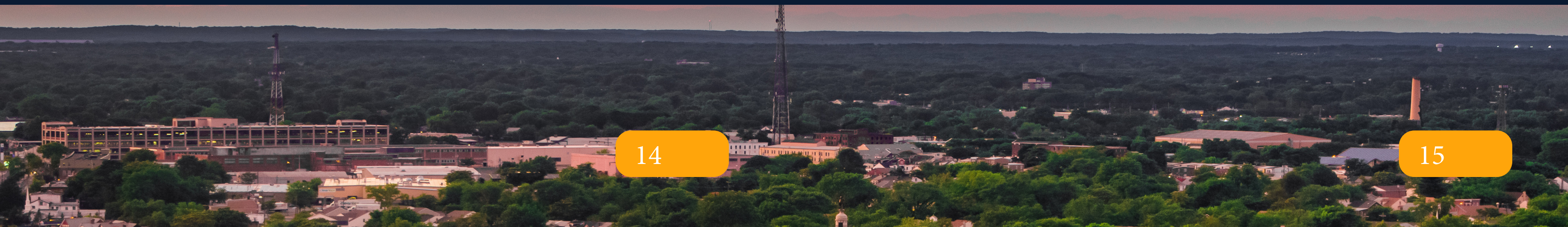
The results indicate that Trenton continues to benefit from a 7% increase in population to nearly 91,000 residents (2020 census vs. 2010 census) and becoming one of the top ten largest municipalities in the state. The city's attraction as a place offering a highly transit-oriented location; a range of affordability; vibrant arts community; rich history; and welcoming community combined with Trenton's high walk score position the city exceptionally well for continued growth.

This growth is evidenced by the updated potential market for new and existing housing units city-wide being a third higher than the potential market identified in 2018. As a result, market absorption for newly constructed units is projected over the next five years to be up to 1,270 market rate, affordable and workforce rental, and for-sale housing units.

## ABOUT GREATER TRENTON

Greater Trenton is an independent 501(c)3 nonprofit that uses private funding and a network of collaborative relationships to advance economic revitalization efforts in the state's capital city. Greater Trenton facilitates the development and revitalization of downtown Trenton by serving as an expert resource to businesses, developers, and community partners.

Operating since 2016, Greater Trenton's key objectives include coordinating downtown economic development projects; providing one-stop support and information for investors interested in taking on new projects; reaching out to potential residential, commercial and/or retail investors and tenants; supporting and promoting existing downtown initiatives; engaging downtown stakeholders in a strategic economic development plan; and developing investment marketing strategies.





# Greater Trenton Board Member Organizations

**NJM** Insurance Group

 **Citizens**  
Philanthropic Foundation

 **PRINCETON UNIVERSITY**

  
Princeton Area  
**COMMUNITY FOUNDATION**

 Bristol Myers Squibb™



 **Bank**

**capitahealth**

**Janssen**  
PHARMACEUTICAL COMPANIES  
OF *Johnson & Johnson*

  
**Horizon** SM



Horizon Blue Cross Blue Shield of New Jersey\*

 **St. Francis** BE WELL  
MEDICAL CENTER

  
**WELLS FARGO**

 **PSEG**